Mock Test Paper - Series II: August, 2026

Date of Paper: 12th August, 2026

Time of Paper: 10 A.M. to 1.P.M.

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

Time Allowed – 3 Hours **Maximum Marks – 100**

SECTION – A: INCOME TAX LAW (50 MARKS)

Working Notes should form part of the answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answers to Questions in Division A, working notes are not required.

The relevant assessment year is A.Y.2026-27.

Division A – Multiple Choice Questions

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Case Scenario 1

Mr. Arjun, an Indian resident, purchased a residential house property at Lucknow on 18.08.1999 for ₹ 20.5 lakhs. The fair market value (FMV) and stamp duty value (SDV) of the property as on 1.4.2001 were ₹ 28.5 lakhs and ₹ 25 lakhs, respectively.

On 12.02.2016, Mr. Arjun entered into an agreement with Mr. Rakesh for sale of the property for ₹ 61 lakhs and received ₹ 5.5 lakhs as advance. However, since Mr. Rakesh failed to pay the balance consideration, Mr. Arjun forfeited the advance received.

On 18.05.2025, Mr. Arjun sold the property to Mr. Suresh for ₹ 1.50 crores. The SDV of the property on the date of sale was ₹ 2 crores. Further, on 24.04.2026, Mr. Arjun purchased a residential house property at Hyderabad for ₹ 57 lakhs. Mr. Arjun has no other income during P.Y. 2025-26. The due date for furnishing his return of income is 31st July, 2026.

Subsequently, on 27.01.2027, Mr. Arjun decided to sell the residential house property at Hyderabad to his brother, Mr. Mohan, for ₹ 58 lakhs. An amount of ₹ 25,000 was received in cash from Mr. Mohan on 10.01.2027 as advance towards the sale of the property on the date of signing the agreement to sale.

The sale deed was registered on 26.03.2027 upon receipt of the balance consideration through an account payee cheque from Mr. Mohan. The SDV of the property was ₹ 61 lakhs on 27.01.2027 and ₹ 64 lakhs on 26.03.2027.

Cost inflation index –

P.Y. 2025-26: 376; P.Y.2024-25:363; P.Y. 2015-16: 254; P.Y. 2001-02: 100

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

1. What shall be the cost of acquisition of the residential house property at Lucknow for the purpose of computation of capital gains in the hands of Mr. Arjun?

   (a) ₹ 15,00,000

   (b) ₹ 19,50,000

   (c) ₹ 25,00,000

   (d) ₹ 28,50,000 **(2 Marks)**

2. What shall be the amount of capital gains includible while computing total income of Mr. Arjun for A.Y. 2026-27 in respect of sale of the residential house property at Lucknow?

   (a) Nil

   (b) ₹ 49,00,000

   (c) ₹ 1,18,00,000

   (d) ₹ 1,14,50,000 **(2 Marks)**

3. What shall be the amount of capital gains taxable for A.Y. 2027-28 in the hands of Mr. Arjun in respect of sale of the residential house property at Hyderabad?

   (a) ₹ 8 lakhs

   (b) ₹ 64 lakhs

   (c) ₹ 7 lakhs

   (d) ₹ 1 lakh **(2 Marks)**

4. What shall be the amount taxable under section 56(2)(x), if any, for A.Y. 2027-28 in the hands of Mr. Mohan?

   (a) Nil

   (b) ₹ 1 lakh

   (c) ₹ 3 lakhs

   (d) ₹ 6 lakhs **(2 Marks)**

5. What shall be the amount of tax credit available to Mr. Arjun in respect of sale of the property at Lucknow during P.Y. 2025-26, assuming that the tax was fully deducted by Mr. Suresh?

(a) ₹ 2,00,000

(b) ₹ 1,50,000

(c) ₹ 1,00,000

(d) ₹ 87,000 **(2 Marks)**

6. What would be tax liability (before tax deducted or collected at source, if any) as per default tax regime of Mr. Arjun for A.Y. 2026-27?

(a) ₹ 15,34,000

(b) ₹ 10,19,200

(c) ₹ 17,64,100

(d) ₹ 11,72,080 **(2 Marks)**

7. Aarav Ltd. has two units - one unit located in a Special Economic Zone (SEZ) and the other unit in a Domestic Tariff Area (DTA). The SEZ unit was set up and commenced manufacturing on 12.5.2017, whereas the DTA unit was set up and commenced manufacturing on 15.6.2019. The following details are available for the relevant year:

Particulars	SEZ Unit	DTA Unit
Export sales	₹ 3,50,00,000	₹ 2,25,00,000
Net profit	₹ 95,00,000	₹ 80,00,000

The total turnover of Aarav Ltd. is ₹ 12,50,00,000, while the turnover of its DTA unit is ₹ 4,50,00,000. Out of the export sales of the SEZ unit amounting to ₹ 3,50,00,000, an amount of ₹ 2,00,00,000 has been received in, or brought into, India in convertible foreign exchange by 30.9.2026.

Based on the above information, Aarav Ltd. would be eligible for deduction under section 10AA for –

(a) ₹ 20,78,125

(b) ₹ 41,56,250

(c) ₹ 11,87,500

(d) ₹ 23,75,000 **(2 Marks)**

8. Which of the following returns can be revised under section 139(5)?

   (i) A return of income filed u/s 139(1)

   (ii) A belated return of income filed u/s 139(4)

   (iii) A return of loss filed u/s 139(3)

   Choose the correct answer:

   (a) Only (i)

   (b) Only (i) and (ii)

   (c) Only (i) and (iii)

   (d) (i), (ii) and (iii) **(1 Mark)**

Division B – Descriptive Questions

*Question No. **1** is compulsory.*

*Attempt any **two** questions from the remaining **three** questions.*

1. Mr. Sumit engaged in the business of manufacturing of furniture. He also set up and commenced warehousing facility for storage of agricultural produce on 1.4.2025. He gives the following Trading and Profit & Loss Account for the year ended 31.03.2026:

Trading and Profit & Loss Account

Particulars	₹	Particulars	₹
Opening Stock	5,62,500	Sales	2,33,25,000
Purchases	1,88,62,500	Closing Stock	6,75,000
Freight & Cartage	1,89,000		
Gross profit	43,86,000		
	2,40,00,000		**2,40,00,000**
Bonus to staff	71,250	Gross profit	43,86,000
Rent of premises	80,250	Income-tax refund	30,000
Advertisement	7,500	Warehousing charges	22,50,000
Bad Debts	1,12,500		
Interest on loans	2,51,250		
Depreciation	1,07,250		
Goods and Services tax demand paid	1,62,525		

Salary Miscellaneous expenses Net profit	5,50,000 2,38,475 50,85,000		
	66,66,000		**66,66,000**

Following are further information relating to the financial year 2025-26:

(i) Income-tax refund includes amount of ₹ 4,570 of interest allowed thereon.

(ii) Salary includes ₹ 30,000 paid to his brother which is unreasonable to the extent of ₹ 5,000.

(iii) Advertisement expenses include an amount of ₹ 2,500 paid for advertisement published in the souvenir issued by a political party. The payment is made by way of an account payee cheque.

(iv) Miscellaneous expenses include an amount of ₹ 1,00,000 paid to Political Party by cheque.

(v) Goods and Services Tax demand paid includes an amount of ₹ 5,300 charged as penalty for delayed filing of returns and ₹ 12,750 towards interest for delay in deposit of tax.

(vi) Mr. Sumit had purchased a warehouse building of ₹ 20 lakhs in rural area for the purpose of storage of agricultural produce. This was made available for use from 15.07.2025 and the income from this activity is credited in the Profit and Loss account under the head "Warehousing charges".

(vii) Depreciation under the Income-tax Act, 1961 works out at ₹ 65,000 excluding depreciation on warehouse building.

(viii) Interest on loans includes an amount of ₹ 80,000 paid to Mr. Mohit, a resident, on which tax was not deducted.

Compute the total income and tax liability of Mr. Sumit for the A.Y. 2026-27 in a most beneficial manner. **(15 Marks)**

2. (a) Examine the applicability and determine the amount of tax deduction at source as per the Income-tax Act, 1961 for the A.Y. 2026-27 in the following situations:

(i) XYZ Ltd., having its registered office in Noida, organized its annual company function at its Gurgaon office. For this purpose, the company engaged Meta Pvt. Ltd. to arrange road transport for its employees from Noida to Gurgaon and back, for which a payment of ₹ 25,000 has to be made. Further, XYZ Ltd. also entered into a separate contract with Meta Pvt. Ltd. for providing catering services at the function, for ₹ 90,000.

(ii) Suresh Health Solutions Ltd., a Third-Party Administrator (TPA), makes payments to various hospitals across India towards settling cashless medical insurance claims on behalf of insurance companies. During the financial year 2025-26, the total payment made by Suresh Health Ltd. to Care Hospital for cashless claims is ₹ 12,00,000. **(4 Marks)**

(b) Mr. Anshuman, a resident individual, is working in Paschim Ltd. and earns salary of ₹ 90,000 per month during P.Y. 2025-26. He holds 20,000 equity shares of Beta Ltd., an Indian listed company, purchased on 1st January 2016 at ₹ 200 per share. These were acquired through a recognized stock exchange and STT was paid on both acquisition and sale.

In August, 2025, Mr. Anshuman transferred a plot in Haryana for ₹ 70 lakhs which was acquired by him in May 2016 for ₹ 22 lakhs. He paid brokerage of 1% on transfer. In May 2026, Mr. Anshuman acquired a residential house property in Gwalior for ₹ 40 lakhs.

In November, 2025, Beta Ltd. decided to buy back 50% of its shares at ₹ 250 per share. Beta Ltd. bought back proportionate shares of Mr. Anshuman. Fair Market value of equity shares of Beta Ltd. as on 31.1.2018 was ₹ 190 per share.

You are required to compute the total income of Mr. Anshuman if he is paying tax under default tax regime.

CII for F.Y. 2015-16: 254; F.Y. 2016-17: 264; F.Y. 2017-18: 272; F.Y. 2025-26: 376

(6 Marks)

3. (a) Mrs. Supriya, aged 62 years, was born and brought up in New Delhi. She got married in Russia in 1996 and settled there since then. Since her marriage, she visits India for 60 days each year during her summer break. The following are the details of her income for the previous year ended 31.03.2026:

S. No.	Particulars	Amount (in ₹)
1.	Pension received from Russian Government	65,000
2.	Long-term capital gain on sale of land at New Delhi (computed)	3,00,000
3.	Short-term capital gain on sale of shares of Indian listed companies in respect of which STT was paid both at the time of acquisition as well as at the time of sale (computed)	60,000

4.	Premium paid for self to Russian Life Insurance Corporation at Russia	75,000
5.	Rent received (equivalent to Annual Value) in respect of house property in New Delhi	90,000

You are required to ascertain the residential status of Mrs. Supriya and compute her total income in India for Assessment Year 2026-27 under default tax regime.

(6 Marks)

(b) Examine the following statements with regard to the provisions of the Income tax Act,1961:

(i) During the financial-year 2025-26, Mr. Nimit paid interest on loan availed by him for his son's higher education. His sons is already employed in a firm. Mr. Nimit will get the deduction under section 80E.

(ii) Subscriptions to Notified bonds of NABARD would qualify for deduction under section 80C.

(iii) In order to be eligible to claim deduction under section 80C, investment /contribution/subscription etc in eligible or approved modes, should be made from out of income chargeable to tax

(iv) Mrs. Lila, widow of Mr. Harish (who was an employee of M/s ABC Ltd.) received Rs 7 Lakhs on 01.05.2025, being amount standing to the credit of Mr. Harish in his NPS account, in respect of which deduction has been allowed under section 80CCD to Mr. Harish in the earlier previous years, such amount received by her as a nominee on closure of the account is deemed to be her income for A.Y 2026-27. **(4 Marks)**

4. (a) Mr. Sohan, an employee of XYZ Ltd. is posted at Mumbai. He was appointed on 1st April 2025 on basic salary of ₹ 60,000. On every 1st January he gets the increment of 3% on his basic pay. Details of his other income for the previous year 2025-26 are as follows:

(i) Dearness allowance: 40% of basic salary (60% forms part of pay for retirement benefits)

(ii) Telephone allowance @₹ 500 per month

(iii) Both Mr. Sohan and the company contribute 15% of basic salary to RPF. Interest accrued in this Fund@12% p.a. amounted to ₹ 25,800.

(iv) The company has provided him with the rent free unfurnished accommodation in Mumbai owned by the company.

(v) The salary of ₹ 2,500 p.m. of domestic servant is reimbursed by the company.

(vi) Sohan has used his own motor car of 1.8 litre engine capacity for both official and personal purposes. The running and maintenance costs of ₹ 50,000 are borne by the company.

(vii) Professional tax paid ₹ 2,500 of which ₹ 1,500 was paid by the employer.

(viii) During the year 2024-25, Mr. Sohan gifted a sum of ₹ 6,00,000 to Mrs. Sohan. She started a business by introducing such amount as her capital. On 1st April, 2025, her total investment in business was ₹ 10,00,000. During the previous year 2025-26, she has suffered a loss of ₹ 1,20,000 from such business.

Determine the gross total income of Mr. Sohan for the A.Y. 2026-27 under normal provisions of the Act. **(6 Marks)**

(b) State with reasons whether following statements are correct or incorrect:

(i) Return of Income of Limited liability Partnership (LLP) could be verified by any partner.

(ii) Time limit for filing return under section 139(1) in the case of Mr. Naresh having Total turnover of ₹ 160 lakhs (₹ 100 lakhs received in cash) for the year ended 31.03.2026 whether or not declaring presumptive income under section 44AD is 31st October 2026. **(4 Marks)**

OR

(b) Mr. Abhay, an Indian citizen residing in Mumbai, files his return of income every year on time. He has Aadhaar number as well. He has not intimated his Aadhaar number to the prescribed authority till August 2025. He approached you on 1.9.2025 and asked you the consequences for not doing so and the effective date form which those consequences would become effective?

What would be your answer if Mr. Abhay wants to intimate his Aadhaar number to the prescribed authority now? **(4 Marks)**

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

QUESTIONS

(i) Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.

(ii) Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of notes.

(iii) All questions in Section B should be answered on the basis of position of GST law as amended by the Finance Act 2025 and significant notifications and circulars, which have become effective upto 28.02.2026.

Division A - Multiple Choice Questions (MCQs)

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Total Marks: 15 Marks

Case Scenario

Subway Logistics Pvt. Ltd. (hereinafter referred as SLPL), a registered company based in Pune, Maharashtra, is engaged in providing logistics and warehousing services, including transport of goods by road, cold storage warehousing for perishables, and consultancy services. It also deals in activities like storage of agricultural produce.

During the quarter April to June of current year, the company undertook following transactions:

(i) Logistics services provided to M/s Bhakti Enterprises, registered in Amravati, Maharashtra for ₹ 28,00,000 and to Dwarka Industries, registered in Gwalior, Madhya Pradesh for ₹ 22,00,000.

(ii) Services by way of warehousing of vegetables provided to M/s Dhawal Farms registered in Solapur, Maharashtra and M/s Rudra Veggies registered in Vapi, Gujarat for ₹ 8,00,000 and ₹ 4,00,000 respectively

(iii) Sale of land to Mr. Dhruv in Pune for ₹ 1,20,00,000, excluding stamp duty of ₹ 2,50,000 (stamp duty is charged at 2%).

(iv) It also received consultancy services from Mr. Shreyas, an architect in the month of March of the previous financial year, for ₹ 80,000 (exclusive of GST @18%), but input tax credit (ITC) was not availed until now. The related invoice was dated 20th March of previous financial year.

(v) Supplied goods to its newly opened warehouse in Bengaluru Unit valued at ₹ 6,00,000 (exclusive of GST @18%). The company has paid the GST but, Bengaluru unit did not make payment against this invoice within 180 days.

(vi) In addition to the aforesaid transactions, SLPL spent an amount of ₹ 5,00,000 on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

During the same quarter, it also received a subsidy of ₹ 40,000 from an environmental NGO for adopting green refrigeration technology and using the Electric Vehicles for logistics. This subsidy was linked to a performance metric (carbon reduction), not to the price of services.

The company has been compliant in filing periodic returns and statements on time during the year and has filed the annual return for preceding financial year on 15th October, of current financial year.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 9 to 13 below:

9. What would be the aggregate turnover of SLPL for the quarter April–June?

   (a) ₹ 1,88,00,000

   (b) ₹ 1,93,00,000

   (c) ₹ 1,82,00,000

   (d) ₹ 68,00,000

10. Which of the following options is correct regarding the availability of ITC to SLPL in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?

    (a) The amount of ITC related to such procurement of goods is not available to SLPL.

    (b) The amount of ITC related to such procurement of goods is available to SLPL.

    (c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to SLPL.

    (d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

11. SLPL can claim ITC for the invoice dated 20th March of the previous FY upto _________of the current financial year.

    (a) 30th September

    (b) 31st December

    (c) 15th October

    (d) 30th November

12. Subsidy received from the environmental NGO is to be _____________.

    (a) treated as part of consideration as it is received in connection with business

    (b) excluded from transaction value as it is not directly linked to price of supply

    (c) included in value, as it is consideration flown from third-party

    (d) included only if received before completion of supply

13. Which of the following statements is true in relation to the non-payment of consideration by the Bengaluru Unit to Pune office?

    (a) The Bengaluru Unit shall reverse the ITC availed on the goods received from Pune and also required to pay interest computed from the date of invoice till the date of reversal of ITC.

    (b) The Bengaluru Unit shall reverse the ITC availed on the goods received from Pune and no interest shall be applicable.

    (c) The restriction of 180 days for payment of consideration is not applicable in the present case.

    (d) The Pune godown shall issue a credit note to Bengaluru Unit to reverse the supply.

14. RTG Ltd., a manufacturing company, purchases cars (seating capacity 5 persons including driver) for official use of its employees. ITC is __________.

    (a) allowed as cars are used for business purposes.

    (b) blocked since ITC on motor vehicles for transportation of persons with seating capacity upto 13 persons (including the driver) is blocked.

    (c) allowed only if cars are used within factory premises.

    (d) allowed if depreciation under the Income-tax Act is not claimed. **(2 Marks)**

15. Rishabh Enterprises has a restaurant registered in Maharashtra and an unregistered liquor shop in Uttarakhand. Transfer of goods from restaurant registered in Maharashtra to liquor shop in Uttarakhand without consideration ________. Choose most appropriate option.

(a) is not a supply since the liquor shop is unregistered.

(b) qualifies as supply under Para 2 of Schedule I of the CGST Act, 2017 as restaurant and liquor shop are establishments of distinct persons.

(c) qualifies as supply only if consideration is charged by restaurant from the liquor shop.

(d) qualifies as supply since it is in course of business. **(2 Marks)**

16. Rajdhani Enterprises, a supplier of goods, issued the invoice on 10^{th} July for goods supplied on 1^{st} July. Payment was received in advance on 5^{th} July and recorded in books on 6^{th} July. Time of supply is:

(a) 5^{th} July

(b) 6^{th} July

(c) 10^{th} July

(d) 1^{st} July **(1 Mark)**

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

5. (a) Swagat Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September:

(A) Details of outward supplies:

(1) Supply of goods of ₹ 18,00,000 to Shreya Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹ 50,000 from Shreya Enterprises towards freight charges (as agreed to deliver the goods at Shreya Enterprises' premises) which was not included in above value of supply.

(2) Supply of goods worth ₹ 35,00,000 to Supreme Ltd., a registered person of Prayagraj, Uttar Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Supreme Ltd. on account of municipal taxes levied in relation to such outward supply.

(3) Supply of services to Bhuwan Ltd., a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.

(4) It delivered the goods worth ₹ 2,00,000 to Saral Solutions, a registered person located at Bikaner, Rajasthan on the direction of Guru Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Swagat Pvt. Ltd. to Guru Enterprise of Mumbai, Maharashtra.

(B) Details of inward supplies:

(1) Purchased raw material goods worth ₹ 20,00,000 from Dhriti Ltd; a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.

(2) Purchased machinery for manufacturing process worth ₹ 2,00,000 from Diwakar Pvt. Ltd., a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income-tax Act, 1961 on full value of the machine, including the GST component.

(3) Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is: CGST 9%, SGST 9%, IGST 18%. No depreciation is claimed under Income-tax Act, 1961 on the GST component.

(4) Purchased car (having seating capacity of 7 persons) costing to ₹ 10,00,000 excluding GST from Naresh Automobiles Pvt. Ltd., a GST registered dealer, located at Ajmer, Rajasthan for use of its director for official purpose. GST rate on car: CGST 9%, SGST 9%, IGST 18%.

(5) Purchased goods worth ₹ 5,00,000 from Carrybuild Ltd., a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Swagat Pvt. Ltd. Said amount is capitalised in the books of accounts.

Opening balance of input tax credit as on the beginning of September - CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

Rate of GST applicable on both inward and outward supply of goods & services: CGST 9%, SGST 9% and IGST 18%, except where otherwise provided.

Notes:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.

(iii) All inward supplies are used for taxable goods only.

(iv) Brief and suitable notes should form part of your answer.

Calculate the amount of net minimum GST payable in cash by Swagat Pvt. Ltd. for the month of September. **(10 Marks)**

(b) Sankalp Pvt. Ltd. provided the following particulars relating to goods sold by it to Dhoom Pvt. Ltd.:

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discount)	50,000
Tax levied by the Municipal Authority on the sale of such goods	6,000
Packing charges (not included in the list price above)	2,500
Subsidy received from an NGO, directly linked to price (included in the list price above)	3,000
Paid to one of the vendors by Dhoom Pvt. Ltd. in relation to the service provided by the vendor to Sankalp Pvt. Ltd. (not included in the list price above) in relation to above supply of goods	2,000

Dhoom Pvt. Ltd. delayed the payment and paid ₹ 5,000 (including GST of 18%) as interest to Sankalp Pvt. Ltd. **(5 Marks)**

6. (a) Fastway Logistics, based in Bengaluru, provides goods transportation services to following different customers:

(a) Sunrise Textiles Pvt. Ltd., a company registered under GST in Chennai, hires Fastway Logistics to transport its goods.

(b) Mr. Arvind, an unregistered individual, hires Fastway Logistics to transport some personal belongings, handing over the goods at Fastway's Bengaluru office (Karnataka).

What is the place of supply of the transportation service in each of the above cases? **(5 Marks)**

(b) Sabhyata Pvt. Ltd. manufactures a beauty soap with the brand name 'Buxur'. Sabhyata Pvt. Ltd. has organized a concert to promote its brand. Ms. Priya Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert as a part of her services as a brand ambassador of the company. The proceeds of the concert worth ₹ 1,20,000 will be donated to a charitable organization by Ms. Priya.

Examine whether Ms. Priya Kapoor will be required to pay any GST for classical dance performance given in the said concert. **(5 Marks)**

7. (a) (i) Fashion Queen Ltd., registered under GST and dealing in baby products has an aggregate turnover of ₹ 9 crore in the preceding financial year. The tax consultant of Fashion Queen Ltd. advised it to issue e-invoices mandatorily. However, Fashion Queen Ltd. is of the view that since it's aggregate turnover is less than the threshold limit applicable for e-invoicing, it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by tax consultant.

(ii) Public Works Department (PWD), Government of Uttar Pradesh, a Government Department registered under GST has an aggregate turnover of ₹ 52 crore in the preceding financial year. You are required to comment whether Ministry of Communications and Information Technology is required to issue e-invoices in the current financial year? **(5 Marks)**

(b) Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer *suo-motu* cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration after 4 months from the date of service of the order of cancellation of registration. Department contends that in any case, application for revocation of cancellation of registration can only be made within 90 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X. **(5 Marks)**

8. (a) Explain the concept of composite supply and principal supply. **(5 Marks)**

   (b) Mr. Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person. **(5 Marks)**